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SENATE MEMORIAL 56

46TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2003

INTRODUCED BY

Michael S. Sanchez

A MEMORIAL

**REQUESTING THAT THE FEDERAL ENERGY REGULATORY COMMISSION
REFRAIN FROM ADOPTING ITS PROPOSED RULE ON STANDARD MARKET
DESIGN FOR ELECTRICITY MARKETS.**

**WHEREAS, the federal energy regulatory commission issued a
notice of proposed rulemaking on July 31, 2000 regarding a
standard market design for the nation's wholesale electricity
markets; and**

**WHEREAS, the provisioning of electricity is an essential
service that is critically important to the citizens and
businesses of New Mexico and of all states; and**

**WHEREAS, the delivery of electric service that is
reliable, safe and consistent with environmental values and
that is stably and reasonably priced is also of critical
importance to the citizens and businesses of New Mexico and of**

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1 all states; and

2 WHEREAS, in the best traditions of federalism, the
3 nation's electric power supply has historically been regulated
4 through the cooperation and complementary activity of state,
5 federal and other agencies; and

6 WHEREAS, through that cooperative and complementary system
7 of regulation, the nation's electric power supply is, on the
8 whole, safe, affordable, efficient and dependable; and

9 WHEREAS, it is evident from the standard market design for
10 the nation's wholesale electricity markets that the federal
11 energy regulatory commission is proposing to make fundamental
12 changes in the way electric transmission is controlled,
13 operated and priced; and

14 WHEREAS, the changes inherent in the standard market
15 design for the nation's wholesale electricity markets appear to
16 necessitate alterations in the jurisdiction of the various
17 state commissions; and

18 WHEREAS, in recognition of the failure of the California
19 energy market, with its direct effects on the economy of that
20 state and its indirect effects on other states through
21 disruption of a previously beneficial and stable wholesale
22 market, the New Mexico legislature, in 2001, postponed any
23 opening of retail markets in New Mexico until 2007; and

24 WHEREAS, the standard market design for the nation's
25 wholesale electricity markets implies vast changes in control

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1 over the disposition of transmission assets, operations,
2 pricing and siting and makes them subject to a form of control
3 that escapes state oversight; and

4 WHEREAS, the changes necessitated by the standard market
5 design for the nation's wholesale electricity markets would
6 effectively remove the business of electric transmission from
7 any meaningful public scrutiny or accountability; and

8 WHEREAS, federal policy should both protect consumers and
9 preserve the full ability of states and municipalities to
10 oversee reliable and reasonably priced electricity service to
11 retail customers; and

12 WHEREAS, wholesale markets have been in existence within
13 the western interconnection for some time and have played an
14 integral role in the successful operation of western electric
15 systems; and

16 WHEREAS, a credible cost-benefit analysis, of either
17 regional transmission organizations or standard market design,
18 that accurately forecasts the effect of standard market design
19 on New Mexico ratepayers has not yet been performed; and

20 WHEREAS, New Mexico and its citizens must balance
21 significant air-quality and land-use issues related to energy
22 production and transport with the economic benefit of those
23 activities, and should not be deprived of that economic benefit
24 through premature implementation of standard market design; and

25 WHEREAS, a clear demonstration of benefit must be

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1 performed prior to the implementation of any new system for
2 wholesale electric power delivery that has economic and
3 jurisdictional implications as profound as those inherent in
4 the federal energy regulatory commission's current standard
5 market design proposal;

6 NOW, THEREFORE, BE IT RESOLVED BY THE SENATE OF THE STATE
7 OF NEW MEXICO that the federal energy regulatory commission be
8 requested to withdraw its current standard market design for
9 the nation's wholesale electricity markets; and

10 BE IT FURTHER RESOLVED that copies of this memorial be
11 transmitted to the speaker of the United States house of
12 representatives, the president of the United States senate, the
13 members of the New Mexico congressional delegation and the
14 commissioners of the federal energy regulatory commission.